

Commission on Streamlining Government

Senator Jack Donahue, *Chairman*
Roy O. Martin, *Vice Chair*
Angele Davis, Commissioner of
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Barry Erwin
Brett F. Geymann, Representative
Leonard Hardman
John Kennedy, State Treasurer
Lansing Kolb
Mike Michot, Senator
Jim Morris, Representative



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MINUTES FROM THE 2009 LISTENING TOUR September 28, 2009 Monroe City Council Chambers 400 Lee Joyner Monroe, Louisiana DATE APPROVED: 11-03-09

I. CALL TO ORDER

Mr. Roy Martin, Vice-Chairman of the Commission on Streamlining Government, called the meeting to order at 4:00 pm on Monday, September 28, 2009 in the Monroe City Council Chambers, Monroe, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT

Roy Martin, Vice-Chairman
Leonard Hardman
Treasurer John Kennedy
Representative James Morris

MEMBERS ABSENT

Angele Davis, Commissioner of Admin.
Barry Erwin
Representative Brett Geymann
Lansing Kolb
Senator Mike Michot

INVITED LEGISLATORS/GUESTS

Senator Francis Thompson
Representative Billy Chandler
Senator Neil Riser
Senator Robert Kostelka
Representative Frank Hoffman
Representative Samuel Little
Representative Rosalind Jones
Senator Mike Walsworth

STAFF PRESENT

Tim Prather, Commission Coordinator
Trudy Fourmy, Commission Secretary

WITNESSES PRESENT

Nan McMullen, Developmental Disabilities

Roma Kidd, ARCO/CARSA

Tommy Shoemaker, VFW & Purple Heart
Ken Houston, NE LA War Vets Home
Chancellor Mike Martin, LSU
Al Sander, American Legion 131
Mike Reynolds, Community Bridges
Lynda McGehee, Ouachita Council on Aging
Dottie Etheridge, Caldwell Council on Aging

Paul L. Hurd, Monroe, LA
Jean DeGennaro, Monroe, LA
David L. Murrell, ASFME Loc. 1222
William B. Smith, III, DOTD
Pat Regan, Monroe, LA
Pam Allen, LA Center for the Blind
Columbia, LA

III. DISCUSSION

Mr. Roy Martin started the meeting by explaining that Act 491 was passed by the legislature this year to address a very serious fiscal problem. In the next two years, the state will have over a million dollar shortage. The commission will take in various ideas from all parts of the state, and by December 15th a recommendation will be submitted. These meetings are designed to listen to public comments as to what the people recommend. We are looking at efficiency and duplication, information technology, combining different functions of government, privatizing and out sourcing. He then asked the panel to introduce themselves and make any comments at that time if so desired.

Senator Francis Thompson stated that he was coauthor of the legislation that created the commission because the state has some real serious problems and we have to do something.

Roy Martin introduced Chancellor of LSU, Mike Martin who stated he was only speaking about LSU and higher education. LSU has made strides in being more efficient the last several years by looking at various ways in which to out source, collaborate and reduce activities which may not be central to a partnership. He believed that there are opportunities for them to privatize, collaborate and collectively pursue efficiency across higher education. They need to look at whether or not to out service motor vehicles, out source some part of security, out source a bigger piece of the health center, and non traditional housing. The work of the commission can empower many to make hard choices in looking at ways in which the university can retain its high standard. They have several programs ranked very high nationally and will never sacrifice quality. He thought there was many more things that could be done and believed the system could improve and assured everyone that they will take guidance from the commission. He then discussed creating a collaborate program to enhance services to students and stated that outsourcing could bring down costs of books and various things that could be done externally. When asked about duplication, he answered that he believed in moving to a performance base funding formula and breaking down the barriers between the institutions.

Senator Thompson inquired about transferring from a community college to any senior university and from university to university without taking a number of extra hours over what the curriculum called for. Chancellor Martin answered that they should have a path for the student that is defined and transferable and have instituted a computerized tracking system that allows students to know how much progress they have made and where they need to go. Their students graduate about a year ahead of the average in the state if they stick to the system.

Mr. Hardman asked Chancellor Martin for comments about out sourcing and privatization and about feasibility studies. Mr. Martin commented that they are carefully evaluating where they go with out

sourcing and privatization. The two cases that worked are the food service and the bookstore because they have so much leverage they can bring down the cost, but the fundamental question has to be asked about not only saving money but the quality of the service when trying to save money.

Mr. Kennedy stated that higher education has \$500 million more today after the cuts than it had in 2005 and asked what would happen if we targeted our resources and that someone has got to state their role. Unless our flagship university as well as the other universities join with us in this process, it will be for naught. Chancellor Martin closed by stating that he was here to try and make it a better system.

Representative Little was introduced and he stated he wanted to relay to the commission his desire for agriculture to be moved to Louisiana Tech.

Nann McMullens, Developmental Disabilities, testified that the Department of Health & Hospitals, specifically the Office of Citizens with Developmental Disabilities, has made good recommendations. The main recommendation which would be a huge cost savings measure would be the closure and consolidation of developmental centers. A couple of years ago they were serving about 1,600 people for \$186 million and now are serving about 1,300 people for over \$240 million. With the Crescent Home community based service system, they are putting in a resource application loan to bring down the cost of home and community based services. Those receiving services that are not under the new model costs, on average, \$71,000 per person and those that are in the new model costs \$177,000 per year per person. Also, she discussed the providers taking a 10% cut. The budget for the developmental centers were increased and employees who are civil service employees got a 4% raise yet there are provider agencies that are facing layoffs and severe cut backs. She asked for each group to be held to the same standard. Mr. Martin asked Ms. McMullens if she had anything in writing, to please submit it to the commission as it would be very helpful. He then reminded everyone present of the website for streamlining and gave them the address.

Paul Hurd testified that streamlining has been a project that many of us has looked for, for many years. He knew it was coming and it would have been easier to cut it when it was more flexible. The number one long term benchmark should be the immediate, continuous reversal of a decade long out-migration of the best and brightest of this state. He asked the commission to look at this when looking at the universities. Ten or fifteen years ago, the state had a poverty problem and they thought they could educate their way out of it and not reduce the cost of business. A decade later, they have learned that you can't educate your way out of it because the best and the brightest leave until the state has more viable economic opportunity. That is gross reductions in the cost of government and the effectiveness of regulations over our business. He added that he has written a book on this subject that has details in it about a 3 point solution on how to cut the budget. There are many boards and the way to get rid of these boards is to make them self funded. The state also needs to consolidate the higher education boards. There is a problem with downsizing employees when we have attrition. He suggested 3 ways to control cost and structure is, every 2 years, to suspend, for 60 days, civil service protection. It will, without discrimination, give the ability to not allow administration to say they cannot do it. He also thought that defined benefit plans should be phased out and a defined contribution plan should be developed, which would save actuarial costs.

Mr. Martin stressed that there were other witnesses and that he would call him back later if there was time.

Mr. Houston, War Veterans Home, stated that if they had any questions about the American Legion, he would be more than happy to answer any concerns or give any information needed.

Tommy Shumaker, VFW stated that he knew this was about budget cuts but right now according to the federal VA, the average cost of a VA home in the country is \$246 a day per resident. In the highest home in the state of Louisiana it's only \$179. The actual home in Monroe is \$141 a day and that is the lowest in the nation. They are already at the bottom dollar. What is done now will affect every veteran later on. Right now, there are 5 homes in the state serving over 700 veterans. For every state dollar that the veteran home receives, they generate eight dollars. There are fifty-six counselors and they brought in over \$300 million in veteran benefits last year. The five homes in the last four years has had a 21% cut in state funding.

Al Sander stated that veterans served our country and put their lives on the line for us and have conditions they are suffering from and they need our support. They felt like the veterans should be supported..

Jean DeJanerro, a healthcare provider at the war veterans home, stated. they had an overview of information that was given to the commission earlier. She discussed the possible conversion of their VA home to a pharmacy dispensing warehouse. She then discussed clinical pharmacy vs. dispensing pharmacy. They perform clinical interventions and they are not a traditional nursing home, but more like a hybrid clinic/hospital. The VA has determined that clinical intervention saves up to \$650,000 and it was her understanding that their jobs may be gone. Mr. Martin reminded her that no recommendations have been made. He then asked her if she had brought information to provide the commission, as it would be helpful.

Mr. Ethridge stated it had come to the attention to the Council on Aging that there is a plan to consolidate the operation of the Governor's Office of Elderly Affairs to the Office of Aging and Adult Services, which is under the Department of Health and Hospitals. They are opposed to this plan and feel they can do it more efficiently. The consolidation proposed by DHH would have a contrary affect as they serve the citizens and know what they need. They are opposed to it because DHH is already loaded and if streamlined, it should be put under the Governor's Office of Elderly Affairs. They are not medical and DHH is medical. They also do no medical services and do not charge for their services, they just ask for donations. Mr. Kennedy then discussed case management and asked about the overlap between their functions and that of DHH.

Linda Magee answered that the Department of Health and Hospitals and the Office of Aging provides services through waivers right now and had nothing to do with the governor's office and that they don't do anything identical.

Mr. Kennedy stated that the budget for the Governor's Office of Elderly Affairs is \$44.3 million and the budget of DHH Office of Aging & Adult Services is \$73 million and we serve 80,000 people and they serve 46,000. Ms. Magee then reiterated her opposition to the consolidation. Mr. Kennedy asked if we gave her the case management authority at DHH for 75% of the money they were

spending to do it, would she do it. Mr. Ethridge answered that he could do it but would not want to be involved with DHH. Ms. Magee added that the money they have on the table, right now, with the Department of Health & Hospitals, has been in Baton Rouge experiencing cuts and talking about how the rates can be lowered. They operate on such a small budget on GOA side versus Health & Hospitals. Mr. Ethridge: stated they did not want to be under DHH because DHH is medical, have red tape and have reporting requirements.

Pat Regan testified that the state of Louisiana seems to be going in the opposite direction of many states as it relates to home health services. It is less costly to provide services in the home. The nursing home lobbyists do a good job of keeping people pouring into the nursing homes. He asked to please remember that 8% of high school graduates never go to a four-year college. The key to the success of Louisiana is community colleges. He thought there was corruption in the state and the state had too much payroll. It bothered him that cuts are made in departments across the board and how department heads did not comply. He hoped that as a group the commission was committed to change this state and develop a real desire to change the state. The state has to set goals and hold people accountable and have to have the political will and the gut and commitment to change this state.

William Smith, an employee of DOTD, thought the state was more top heavy than anything. He stated that they do the same jobs contractors do but do quality work with less people. Senator Walsworth asked about DOTD weekend work and after hour work on bridges, etc., and how they were compensated. Mr. Murrell stated they were getting overtime on weekends but now they just change their shift. Mr. Hardman agreed that we are top heavy and if we are going to be fair about it, to start at the top and include everybody. If the state is giving money to the directors and trusting them to make the best decisions for projects and they are not doing the job, eliminate them. Mr. Murrell then discussed outsourcing stating that if supervisors were eliminated, they could hire more workers. He went on to give details regarding their workload and the quality of work. Mr. Martin asked if he was saying that they could do a better job than the contractor. Mr. Smith answered they work on specific jobs and went on to discuss the time keeping methods. He added they receive no feedback on how good their work is. Mr. Murrell discussed that supervisors are not on the job, but just come and check on it.

Pam Allen, Director for the Center for the Blind, Ruston, wanted to discuss the proposal of Social Services being moved to the Workforce Commission and also Developmental Disabilities being moved to DHH, as she had concerns about this. Louisiana Rehabilitation Services provides critical services for people with disabilities so that they can become productive citizens. A large majority of the funding comes from the federal government. For every dollar of state funds, \$4 is received from the federal government to provide those services. She listed their various services and stated that it is important to get people with disabilities off of government assistance and out into the communities living independently, yet provide critical services.

Roma Kidd, Developmental Disabilities gave her work history and discussed cuts. She stated that Community Services can do an efficient job. She also discussed outsourcing, saying that processing takes a long time and that the state should look at buying out retirement plans, as well as looking at where vacant properties could serve others. She closed by adding there are many things that can be done to save the state money and improve services to individuals.

Mike Reynolds testified that he co-owns three properties for use as community homes and could run them at half the cost. Mr. Martin requested that he send his information to the commission. Ms. Kidd added that their cost to serve an individual in a community home is less than \$200 a day. An average cost of state operated community home is a little over \$400 a day. Rep. Morris discussed guidelines. Ms. Kidd could not supply a percentage number but stated that they could not tolerate another cut. They are very anxious to find out exactly what people need and give them that and have just one specific person to work with individuals instead of several people managing them.

Paul Hurd was called back up to finish his testimony. He stated that his book, "The Constitutional Solution", would tell everyone that they, as legislators, have the right to rewrite an entire Article of the constitution with only two amendments to make a rewrite. The legislature can rewrite those whole Articles and accomplish what they want to accomplish. He added that a Constitutional Convention allows everything to be put on the table which would cause a free-for-all. He then discussed again the retirement plans and though we should consider taking away the ability for an unclassified person to go into classified positions in order to pad their retirement. Mr. Martin explained that they were working on that issue.

Mr. Houston, War Veterans Home in Monroe, testified that he was here for information purposes as they were told by Angele Davis that they will be competing against each other. He informed the commission that during the last quarter they had the lowest cost and cannot cut anymore without cutting services. He reminded everyone that they had a very high census.

IV. ADJOURNMENT

There being no further business before the commission, the meeting adjourned at 6:00 p.m.

NOVEMBER 3, 2009

DATE APPROVED

Chairman Jack Donahue